

Message Text

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DRAFTED BY PM/SAS: TCOONY/LD

APPROVED BY PM: MR. WEISS

PM:MR. STERN

EA:MR. HUMMEL

EA/PHL:MR. CUTHELL

PM/SAS:MR. GREY

L/PM:MR. BOREK

EA/PMU:CAPT. WARREN

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 054604

STADIS////////////////////////////////////

E.O 11652: GDS

TAGS: MARR, MASS, ENRG, RP, US

SUBJECT: FMS FUEL FOR THE PHILIPPINES

REFS: MANILA 2681, MANILA 3213

FOR AMBASSADOR FROM WEISS AND HUMMEL

1. YOU WILL BY NOW HAVE SEEN SEPTTEL CONCERNING THE APPLICABILITY TO THE PHILIPPINES OF THE CONGRESSIONAL PROHIBITIONS ON THE FMS SALE OF CONUS-PRODUCED PETROLEUM PRODUCTS TO SOUTHEAST ASIA. THE DELAY IN RESPONDING TO YOUR INQUIRIES IS INDICATIVE OF THE DISCUSSION OF THEM THAT WENT ON BACK HERE.WE BELIEVE YOU SHOULD HAVE SOME FLAVOR OF THIS DISCUSSION TO UNDERSTAND THE DECISION THAT WAS REACHED.

2. THE CONGRESSIONAL PROHIBITIONS WERE APPENDED TO THE
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FOREIGN ASSISTANCE ACT AND THE DEFENSE APPROPRIATION ACT

LATE IN THE CONSIDERATION ON THESE BILLS. THERE WAS LITTLE DEBATE AS TO WHAT ACTUALLY CONSTITUTED "SOUTHEAST ASIA". WHAT IS CLEAR IS THAT THE CONGRESS, REACTING TO THE GASOLINE AND FUEL OIL SHORTAGE THIS COUNTRY IS EXPERIENCING, INTENDED THAT WE SHOULD STOP FACILITATING THE EXPORT OF CONUS-PRODUCED PETROLEUM PRODUCTS BY USING FUNDS IN THE DEFENSE APPROPRIATIONS ACT AND THE FOREIGN ASSISTANCE ACT FOR THIS PURPOSE. WITH THIS POLICY IN MIND DOD HAS DECIDED TO INTERPRET THIS PROHIBITION BROADLY AND INCLUDE THE PHILIPPINES WITHIN IT. THIS IS A DOD DECISION IN THE FIRST INSTANCE BECAUSE THE FUNDS UTILIZED FOR THE PURCHASE OF PETROLEUM PRODUCTS FOR FMS SALES COME INITIALLY FROM THE DOD APPROPRIATION. DOD BELIEVES ITS APPROPRIATION IS UNDER SUFFICIENTLY HEAVY ATTACK ALREADY WITHOUT PROVIDING FURTHER GROUNDS FOR CRITICISM ON THE EMOTIONAL ISSUE OF PETROLEUM EXPORTS.

3. WE AGREE WITH THE DOD DECISION. OUR PRINCIPAL CONCERNS, HOWEVER, ARE THE MILITARY ASSISTANCE AND FOREIGN MILITARY SALES PROGRAMS WHICH ARE ALSO BEING CUT IN THE APPROPRIATIONS PROCESS. WHILE WE APPRECIATE THE PROBLEMS THIS CREATES FOR YOU IN THE FIELD, WE BELIEVE THE DIFFICULTIES -- WHICH CONGRESSIONAL OR GAO CHARGES THAT WE ARE BREAKING THE LAW OR SKIRTING ITS CLEAR INTENT IN CONTINUING FMS PETROLEUM SALES TO THE PHILIPPINES WOULD PRESENT TO THESE ALREADY EMBATTLED APPROPRIATIONS -- DO NOT WARRANT A NARROW INTERPRETATION OF THE CONGRESSIONAL INTENT IN ENACTING THESE PROHIBITIONS.

4. DOD IS MAKING AN EFFORT TO PROVIDE FUEL FOR THE ONE-TIME FILL YOU REQUESTED. WE REGRET THIS IS THE MOST WE CAN DO ON THIS ISSUE AT THIS TIME. KISSINGER

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